THE HIGH COURT

[2011 No. 5843 P.]

BETWEEN

ANGLO IRISH BANK CORPORATION LIMITED

PLAINTIFF

AND

QUINN INVESTMENTS SWEDEN A.B., SEAN QUINN, CIARA QUINN, COLETTE QUINN, SEAN QUINN JUNIOR, BRENDA QUINN, AOIFE QUINN, STEPHEN KELLY, PETER DARRAGH QUINN, NIALL McPARTLAND AND INDIAN TRUST A.B

DEFENDANTS

JUDGMENT of Ms. Justice Dunne, delivered the 26th day of June 2012

This is an application for the committal and/or attachment of the second, fifth and ninth defendants for contempt of court for alleged breaches of the order of this Court of the 27th June, 2011, and confirmed on the 20th July, 2011.

Background

An overview of the background to these proceedings can be found in the judgment of Clarke J. delivered in these proceedings on the 13th September, 2011. As he pointed out the backdrop to these proceedings relates to "a part of the Quinn family empire which derived from the acquisition of a significant property portfolio largely based outside Ireland". It is alleged in these proceedings by the plaintiff (hereinafter referred to as "Anglo") that members of the Quinn family have been involved in a conspiracy to alter the way in which the property portfolio is held. Anglo has security over the property portfolio and over various companies which hold the property

portfolio. The essence of these proceedings is a contention by Anglo that the defendants are seeking to remove the value of the portfolio away from the existing structure in which it is held and into a separate structure, the ultimate beneficial owner of which would be members of the Quinn family, with a view to depriving Anglo of the benefit of its security over the property portfolio.

The proceedings herein were commenced by a plenary summons issued on the 28th June, 2011. On the 27th June, 2011, Anglo obtained an interim *ex parte* injunction against the defendants. The matter was returned for the 29th June, 2011. At that stage there was representation before the courts on behalf of the defendants; the interim orders made on the 27th June, 2011, were continued and the matters were adjourned on a number of dates with the interim orders continued by consent. The application for interlocutory relief commenced on the 19th July, 2011 and concluded on the 20th July, 2011, when the defendants consented to the injunction sought by Anglo.

The injunction granted by the Court on the 20th July, 2011, was in the following terms:-

> "The Defendants be restrained forthwith whether by themselves or by their respective employees, servants, officers or agents or otherwise howsoever from:
>
> 1. inducing or procuring or otherwise facilitating any person or corporate entity to breach share pledges entered into by the International Property Group of Quinn companies as referred to in the Affidavit of Richard Woodhouse with the Plaintiff or any guarantees given to or for the benefit of the Plaintiff in respect of the indebtedness of the

International Property Group of Quinn companies as referred to in the affidavit of Richard Woodhouse;

2. taking any step directly or indirectly that may have the effect of transferring any of the assets of Quinn Holdings Sweden AB, Quinn Park Sweden AB, Quinn Buildings Sweden AB, Quinn Logistics Sweden AB, Quinn Way Sweden AB, Quinn Assets Sweden AB, Quinn Management Sweden AB, Quinn Interests Sweden AB, Quinn Services Sweden AB, Quinn Voyage Sweden AB, Quinn Investments Sweden AB, Kompania Finansstroy Investments LLC to any third party save to the extent that same may be done in the ordinary course of business;

3. Directly or indirectly exercising or purporting to exercise any rights that attach to any shares that have been pledged to the Plaintiff save to the extent that such actions are consistent with the interests of the Plaintiff;

4. Directing advising or causing the company Indian Trust AB (registration number 556837-0695) to take any steps in respect of a purported shareholding or any other purported interest in the companies Quinn Holdings Sweden AB, Quinn Park Sweden AB, Quinn Buildings Sweden AB, Quinn Logistics Sweden AB, Quinn Way Sweden AB, Quinn Assets Sweden AB, Quinn Management Sweden AB, Quinn Interests Sweden AB, Quinn Services Sweden AB, Quinn Voyage Sweden AB, Quinn Investments Sweden AB, Carcer Management Limited, Kompania Finansstroy Investments LLC, Krostein Investments Limited, CJSC Logistica, Samonaca Holding

Limited and LLC Krasniy Sektor without the prior written consent of the Plaintiff;

5. Taking any steps to implement or to progress proposals or to put into operation proposals that a corporate structure be established which mirrors the corporate structure of the Quinn family's International Property Group."

On the 13th February, 2012, Anglo brought a motion returnable for the 17th February, 2012, alleging that the second, fifth and ninth defendants were in breach of the orders dated the 27th June, 2011, and 20th July, 2011, ("the Orders"), and seeking their attachment and if necessary committal, for breach of the Court Orders. The allegations made against the second and ninth defendants are identical and the application in respect of the fifth named defendant is confined to an allegation in common with the second and ninth defendants in relation to matters alleged to have occurred on the 30th August, 2011, on foot of which some US$500,000 held in a bank account of a Quinn International Property Group ("IPG") subsidiary company was paid into the personal bank account of the general director of that company contrary to the interests of Anglo and other than in the ordinary course of business.

Anglo's motion was grounded on the affidavit of Richard Woodhouse, group head of specialised asset management of Anglo, sworn on the 10th February, 2012. In the course of this application, further affidavits were sworn on behalf of Anglo and Anglo relies on those affidavits together with their exhibits. Further, Anglo relies on various admissions made by the second, fifth and ninth defendants on affidavit and in their oral evidence.

For ease of reference I will refer to the second, fifth and ninth defendants herein as "the respondents" save where the context otherwise requires. Anglo, in the

course of these proceedings has changed its name to Irish Bank Resolution Corporation Limited, but, again for ease of reference, I will continue to refer to the plaintiff in these proceedings as Anglo.

Mr. Woodhouse, in the first of the affidavits sworn by him grounding this application averred that Anglo became aware of actions of the respondents which were in breach of the Orders and demonstrated a continuation of a coordinated strategy before and after the Orders to place the assets within the IPG beyond the reach of Anglo, to undermine its validly held security in respect of those assets and to damage Anglo's interests.

Mr. Woodhouse, in paragraph 11 of his affidavit of the 10th February, 2012, outlined specific actions taken by the respondents which he alleged were breaches of the Orders made herein, namely the assignment by the second and ninth defendants of US$163 million worth of loans to a Belize entity apparently controlled by the defendants for nominal consideration on or after the 20th July, 2011; the retrospective application of an extortionate interest rate thereto to justify the placing of Russian IPG subsidiaries into self insolvency; the deliberate back dating by the second and ninth defendants of these assignments so that it would appear that they occurred on the 4th April, 2011, when in fact they were executed on or after the 20th July, 2011; the assignment of a debt worth US$45.2 million by the second defendant to a company owned and controlled by the ninth defendant with the aim of taking control over a Ukrainian asset worth approximately US$78 million; and the direction by the respondents on the 30th August, 2011, that US$500,000 cash at a bank of a Ukrainian IPG subsidiary company be paid into the personal bank account of the general director of that company other than in the ordinary course of business. Mr. Woodhouse further averred that there was compelling evidence of a distinct pattern of

a continuation of a strategy to wrest control of the IPG assets for the benefit of the defendants through *inter alia*, the systematic stripping of assets from the Cypriot IPG entities, Carcer, Krostein and Samonaca and the systematic transfer of shares in various Russian subsidiary companies to off shore entities, primarily registered in Belize and Panama. He said that there was a clear and indisputable pattern of actions taken by the second and ninth defendants in particular, including the use of off shore companies purchased as shelf companies. He added that there were distinctive parallels in each case where a strategy of purchasing these companies after the date of the orders is evident and the companies are then assigned substantial debts or take over the shareholdings in IPG subsidiary companies. He stated that all of this had been done after the defendants lost control of the Quinn Group for the purpose of transferring valuable assets out of the IPG companies and nullifying the effect of the security previously granted to Anglo by the defendants.

Mr. Woodhouse explained how Anglo provided finance to companies within the IPG and other companies within the Quinn group beneficially owned by the third to seventh defendants in an amount of approximately €2.8 billion which lending was secured in a number of ways. The nature of the security reflected the nature of the manner in which the IPG was structured. Part of the security arrangements involved share pledge agreements between Quinn Investments Sweden AB("QIS") and Anglo. A feature of the pledge agreements was a provision whereby the parties agreed that no new shares would be created or allotted in the companies and there would be no transfers of the charged shares.

Mr. Woodhouse averred that the defendants have coordinated a series of unlawful acts which involved procuring the breach of security agreements in place between the plaintiff and the corporate entities in the IPG. The purpose of those

unlawful actions is said to be the removal of assets from the IPG or the wresting of control of the various companies in the IPG for the purpose of hiving off the assets within the IPG. He went on to say that if this was permitted, it would result in Anglo holding security over nothing but the skeleton of the IPG, denuded of its actual assets.

Mr. Woodhouse then set out in detail how it is alleged that the Russian IPG subsidiary Finansstroy was striped of its assets through, *inter alia*, the assignment of backdated loan agreements and placed into self insolvency. Mr. Woodhouse also describes in detail how it is alleged that the second defendant assigned a very substantial debt owing by Univermag, a Ukrainian company in the IPG, to Demesne onto to Innishmore, a company of which the ninth defendant is the sole director. Innishmore then appeared to assign the debt to a company called Lyndhurst, a British Virgin Islands company, incorporated in July, 2011. A great deal of controversy surrounds the latter assignment. Finally, Mr. Woodhouse detailed how it is alleged that the fifth defendant and the ninth defendant caused US$500,000 of cash at the bank of Quinn Properties Ukrainian ("QPU") to be paid to the general director of QPU, Ms. Larisa Yanez Puga.

Mr. Woodhouse swore two further affidavits, the first on the 15th February, 2012, and the next on the 17th February, 2012, in which he outlined a number of matters in relation to the vehicle allegedly used for the purpose of the alleged asset stripping of Finansstroy. Central to the contentions of Anglo in this regard are a company called Galfis Overseas Limited ("Galfis") and an individual called Iarsolav F. Gurniak. The affidavits and particularly the first of those affidavits outline details in relation to proceedings brought by Anglo against Galfis in Belize in which Mr. Gurniak sought to be joined as a party and also sought to overturn the appointment of a receiver, Mark Hulse, appointed by the Belize court on the 19th January, 2012, over

Galfis. Those affidavits of Mr. Woodhouse exhibited a number of affidavits from those proceedings and in addition an affidavit was also sworn by Vladimir Pestrikov of Egorov, Puginsky, Afanasiev & Partners who are the plaintiff's Russian lawyers. I will return to a number of issues that arise in those affidavits at a later stage in the course of this judgment.

A number of affidavits were then sworn on behalf of the respondents including affidavits sworn by Colin Byrne and David Cranfield on the 7th March, 2012, and affidavits of Neil O'Mahony, Peter Quinn, Sean Quinn and Sean Quinn Junior, sworn on the 12th March, 2012; in addition, an affidavit from Maksym Sokiran on behalf of the respondents was also provided. A replying affidavit to those affidavits was sworn on the 20th March, by Mr. Woodhouse. In that affidavit he took issue with the affidavits delivered on behalf of the respondents. Further, an affidavit was sworn by Robert Dix on the 20th March, 2012. Mr. Dix is a director and chairman of Quinn Finance. He was appointed to that position and as a director of a number of other companies in the IPG on the 14th April, 2011. He explained the manner in which he was appointed to that position.

On his appointment as a director of the IPG companies, one of the first steps Mr. Dix took was to conduct a comprehensive review of the assets, liabilities and financial positions across the IPG. As part of this review he outlined how it was uncovered by Anglo that Demesne Investments Limited ("Demesne") a Northern Ireland registered company and wholly owned subsidiary of Quinn Finance purportedly assigned its rights under 21 loan agreements with Finansstroy to a company called Galfis on the 4th April, 2011. The total amount of the loans assigned was US$45,405,000 and the total consideration was US$2,100 comprising US$100 consideration per loan. It was stated by Mr. Dix that there was nothing at all in the

financial records or monthly management accounts of Demesne indicating that a book debt due by Finansstroy to Demesne had been assigned to a third party. He further outlined how debts due to Demesne by a number of other companies were assigned to Galfis without any trace in the records of Demesne. He explained that the main role of Quinn Finance within the IPG was as a treasury or funding vehicle for the IPG companies. Demesne was one of the beneficiaries of intra group borrowings. Demesne is a wholly owned subsidiary of Quinn Finance and acted as an alternative treasury vehicle for the IPG.

Quinn Corporate Structure

The individual defendants herein are closely involved in and associated with a group of companies described as the IPG which formed part of the overall group of companies operated by the defendants. The third, fourth, fifth, sixth, seventh, eighth and tenth defendants are the ultimate beneficial owners of the IPG. The IPG was initiated by the second defendant to act as a vehicle for substantial international property acquisitions for the benefit of his children. The ninth defendant, a nephew of the second defendant had played a role in the management of the IPG. Mr. Woodhouse in his affidavit of the 10th February, 2012, exhibited a structure chart of the IPG. As appears from that chart the IPG was structured in such a way that the individual property asset was generally held by a company established in the jurisdiction where the property was situate. The shares of these companies were held by Cypriot or Swedish companies. The Cypriot or Swedish companies were in turn owned by Swedish companies, which were owned by QIS.

Anglo provided finance to companies within the IPG and a variety of other companies within the Quinn Group beneficially owned by the third to seventh

defendants, in the amount of circa €2.8 billion, which lending was secured in a variety of ways. In general, Anglo took security at each level of the corporate structure. Part of the security involved companies within the IPG pledging the entirety of the shares in companies that they owned to Anglo, which gave Anglo security over the property holdings themselves. Each pledge agreement contained an express obligation on each company not to take any step or amend the Articles of Association of the companies whose shares were given as security and not to create, transfer or allot shares in the companies. Without going through the detail of all of the companies I will refer briefly to a number of those companies which will be mentioned in the course of this judgment. Finansstroy, a company to which reference has already been made, owned a property in Russia. Finansstroy is a Russian company. In turn it was owned by a company called Carcer Management, a Cypriot company and its ultimate ownership is to be found in QIS. Similarly, a Russian company called Logistica owned a site in Russia. In turn it was owned by a Cypriot company called Krostein which in turn was ultimately owned by QIS. Finally a Russian company called Red Sector owned property known as Stroi Arsenal, a DIY store. Red Sector was owned by Samonaca Holdings, another Cypriot company. In turn, Samonaca was ultimately in the ownership of QIS. I will also refer to two Ukrainian companies, QPU, in which QIS had a 15% interest; the balance of the ownership in that company was ultimately held as to 40% by Quinn Management and as to 45% by Quinn Life. That company, QPU, owned a building known as the Leonardo building in the Ukraine. I will also refer to a company called Univermag, which owned a shopping centre in the Ukraine. Ultimately it was owned by QIS.

The Issues

The issues I have to decide concern the allegation by Anglo that the respondents are in contempt of court by reason of alleged breaches of the Orders of the Court made on the 27th June, 2011, and 20th July, 2011.

The case made by Anglo is that the respondents were party to a plan which involved an elaborate wholesale and systematic stripping of valuable assets in the IPG with the purpose of putting those assets beyond the reach of Anglo and to the benefit of the Quinn children. The respondents do not deny the existence of such a plan, but have made the case that any steps taken by them in furtherance of the plan commenced prior to the grant of the interim injunction on the 27th June, 2011.

A number of issues came to light in the course of the hearing before me including events relating to Carcer, Samonaca and Red Sector but I will focus on the three central issues which are at the heart of this application, namely:-

1. The payment of US$500,000 to Ms. Puga, former general director of QPU and Univermag;
2. The assignment by Finansstroy of debts owing by it to Demesne, which debts Anglo claims were assigned to Galfis and the defendants claim were assigned to Mr. Gurniak;
3. The assignment by Demesne of a debt owed to it by Unvermag, which debt was then assigned to Innishmore by Demesne and then to Lyndhurst.

Before examining those issues in detail I should just mention one or two matters at the outset. First of all, the parties are in agreement that the Court must be satisfied beyond reasonable doubt in respect of each of the allegations of contempt. Although this is an allegation of civil contempt, the criminal standard of proof applies

to each and every allegation. Lengthy written submissions were furnished to the Court and developed in oral argument on behalf of the respondents as to the best evidence rule and its role in relation to documents produced before the Court. I do not propose to set out those submissions. I have considered the submissions made. I think it is appropriate to say by way of general observation that it has clearly been a matter of some difficulty for Anglo to procure documentation in regard to the matters complained of. It was necessary in the course of the hearing before me to make orders for the provision of documents to the respondents and to facilitate the inspection of documents on behalf of the respondents in the Ukraine. In so far as any issue arises in the respect of the documents used in the course of the hearing before me, it seems to me that ultimately, the issue in relation to the documents relied on by Anglo and exhibited to the Court is a matter of an assessment of the weight to be attached to such documentary evidence. The other point to note is that I have considered all of the evidence before the Court and I have made reference in the course of the judgement to the evidence relating to the principal issues before me. It is not necessary to rehearse here all of the evidence before the Court.

I now propose to examine the three issues in the order set out above.

The Payment of US$5000,000 to Ms. Puga

The issue in relation to Ms. Puga focuses on two documents, "Minute No. 21" and Ms. Puga's labour contract with QPU. As general director of Univermag, Ms. Puga was very successful in increasing its underlying profit from US$5.5 million to US$10 million per annum. Initially, she had a salary of US$5,500 per month from Univermag and a salary of US$563 per month in respect of QPU. Around April 2011, she indicated to Peter Quinn that she would no longer do two jobs for one salary and

in June 2011, following her threat to resign, Peter Quinn agreed to increase her salary to US$7,000 a month from the 1st June, 2011.

A curious feature of the labour contract dated the 25th February, 2009, which provided for her to be paid the sum of US$563 per month is that it appears to have anticipated the negotiations between Peter Quinn and Ms. Puga by some two years in that it provided that "From 01.06.2011 to set the salary for Director in hrivnias equivalent amounting to 7,000USD". It also provided for payment of US$500,000 as compensation in the event of termination of her employment. The labour contract was signed by Dara O'Reilly as a representative of Quinn Office Sweden AB and by Sean Quinn, the second defendant, on behalf of Quinn Property Sweden. Sean Quinn confirmed in evidence that the signature looked very much like his signature but denied having any involvement in executing the contract with Ms. Puga. Peter Quinn insisted that he had never asked Sean Quinn if that was his (Sean Quinn) signature. One thing is clear, the document, the original of which is not available, described as a labour contract has been fabricated or falsified by the insertion of the paragraphs providing for the increase in Ms. Puga's salary and the provision of a termination payment in the sum of US$500,000. There is no doubt in my mind that this was done to facilitate the transfer of US$500,000 out of QPU to Ms. Puga. How this was done and by whom is the next question.

A notification of a shareholders meeting for the 31st August, 2011, was circulated to the second defendant amongst others, at which resolutions were proposed to remove the second defendant and Quinn nominees from the board of Quinn Properties Sweden ("QPS") were to be considered, which in turn would have led to a loss of control by the Quinns over QPU. It is contended by Anglo that this

notification was the catalyst for the events that culminated in the transfer of US$500,000 to Ms. Puga's account.

It transpired that two of the respondents, Peter Quinn and Sean Quinn Junior travelled to Kiev on the 30th August, 2011. They met with Ms. Puga at the Leonardo building.

Minute No. 21 has to be considered at this point. It purports to record the minutes of a meeting in Kiev attended by Sean Quinn Senior and Peter Quinn. A number of resolutions were passed at that meeting including the dismissal of Ms. Puga as general director "in connection with commitment by Mrs. Yanez Larisa Nikolaevna [Ms. Puga] of guilty actions that provide grounds of losing confidence by the owner". It was also provided for in Minute No. 21 that a Ms. Sergeeva would be appointed from August 30th 2011, as alternate general director of the company. Minute No. 21 is a three page document. The first page is in two languages one of which is English. Following the resolutions, the second page continues with a signature page and the signatures on that document appear to be those of Peter Quinn and Sean Quinn Senior. The company seal appears on that page and on a third page. The further decision was recorded in the minute that notwithstanding the decision to dismiss Ms. Puga by reason of her guilty action to "conduct all payments to her in accordance to the legislation and to labour contract". There is no dispute between the parties that the payment of the sum of US$500,000 could not be described as being in the ordinary course of business and therefore there is no justification for making that payment. Accordingly it is contended by Anglo that the payment is a breach of the injunction.

The payment of that sum was facilitated by an order dated the 30th August, 2011, and signed by Ms. Sergeeva. That order stated "in order to comply with the

applicable labour legislation it is hereby ordered that the final payments pursuant to the labour contract be made by September 2nd 2011, inclusive". It was noted on the order by Ms. Puga that she did not agree with her dismissal. In accordance with the notice of extraordinary general meeting referred to previously, a new board was appointed to QPS and Sean Quinn Senior and Peter Quinn were removed from the board.

On the 2nd September, 2011, Ms. Sergeeva acting as general director of QPU, wrote to its bank requesting the release of US$500,000 to Ms. Puga. That sum was described as payment of her salary for September. The payment was made on the 5th September, 2011. When the payment came to the attention of the new board of QPS, it made a criminal complaint and the payment is currently frozen in Ms. Puga's bank account. On the 5th September, 2011, a minute of QPU records the appointment of Mr. Antonenko as general director. He terminated Ms. Sergeeva's appointment as general director and she resumed acting as the Human Resources Manager of QPU.

I now want to examine some of the evidence given orally and on affidavit in relation to this issue. In the course of correspondence on behalf of the respondents prior to the issue of the motion it was contended on their behalf that the signatures of Sean Quinn Senior and Peter Quinn "are not our client's signatures". See letter of the 13th December, 2011, reiterated in a letter of the 5th January, 2012. Peter Quinn in his affidavit evidence did not deny signing Minute No. 21, but denied that he signed Minute No. 21 before the Court. He accepted that no other Minute No. 21 had been identified. He was not in a position to say what the contents of any other Minute No. 21 might have been. In relation to the signature of Sean Quinn Senior, he stated that it looked to have been signed by Sean Quinn as well. He went on to say that Sean Quinn could have signed minutes of a meeting that he did not attend. He stated that if

a minute needed signing, it would have been signed by Mr. Quinn. That was disputed by Sean Quinn in the course of his evidence.

It is contended in the course of correspondence on behalf of the respondents that Ms. Puga was removed from her position by the new board of QPU. In fact, there was a subsequent resolution of the new board on the 2nd September, 2011, removing her as general director. It is further suggested in correspondence that the bank account from which the payment was made was under the control of the new board at the relevant time. (See the letter of the 13th December, 2011, from Eversheds to McCann Fitzgerald on behalf of Anglo). This point was reiterated by Peter Quinn in his affidavit sworn herein on the 12th March, 2012, where he stated that the bank account of QPU demonstrated that the request for the payment of US$500,000 was made on the 2nd September, 2011, and that the funds were processed on the 5th September, 2011, after he had been removed. He denied having any hand, act or part in Ms. Puga accessing the money. In his oral testimony to the court, Peter Quinn suggested that the labour contract and Minute No. 21 were created by Ms. Puga to enable her to get something out of QPU.

Sean Quinn Senior in his evidence, dealt with the issue of his signature on the labour contract of Ms. Puga by saying that it looked liked his signature but that he had no hand, act or part in her contract or with anybody else's contract. He was adamant that he never signed a minute of a meeting that he did not attend. Nevertheless he accepted that he signed documents that he did not read.

I now want to consider the evidence of Sean Quinn Junior on this issue. It should be borne in mind that this is the only issue in relation to which an allegation of contempt has been made against all three respondents. Sean Quinn Junior is not alleged to be in contempt of court in respect of any other breach of the Orders of the

27th June, 2011 and the 20th July, 2011. The first point to note in the evidence of Sean Quinn Junior is that there was no apparent reason for him to be in Kiev on the 30th August, 2011. He was not involved in QPU or Univermag. In his affidavit of the 12th March, 2012, he stated as follows:-

> "I arrived in Kiev on 30 August 2011 in the company of the Ninth Named Defendant. Up until that time the Ninth Named Defendant still had management responsibilities in relation to the Ukranian Public Joint Stock company Univermag ("Univermag") which owns the Univermag shopping centre in the centre of Kiev of which my siblings and I are the ultimate beneficial owners.
>
> I had a business meeting with other Ukrainian nationals at the Radisson Hotel where we were staying, unrelated to QPU or Univermag. I also met with Ms. Yanez Puga, along with the Ninth Named Defendant. Ms. Puga, at that time, was the long standing General Director of Univermag and QPU. The discussion was short and of a general nature relating to the business of the Ukrainian companies. There was no discussion with her relating to or remotely connected with the alleged resolution."

In his direct evidence Sean Quinn Junior first explained that he went to the Ukraine with Peter Quinn because of Peter Quinn's expressed concerns about Ms. Puga's bona fides. He was there to give a second opinion on Ms. Puga. He then explained that he had previously met Ms. Puga in May 2011, and she suggested that there were business people in the Ukraine that would like to meet his father. He told her then that if he was over there, he would be happy to attend any meetings and on the 30th August, she set up a meeting with an unknown Ukrainian gentleman on the evening of the 30th August, which took place in the Radisson Hotel. Apparently the

Ukrainian nationals were seeking to have the Quinns invest in properties in the Ukraine, but he explained that they had no funds. He described the meeting as being short.

In cross examination, he accepted that he was aware prior to going to Kiev that there were going to be changes to the board of QPU on the 31st August, 2011. He emphasised the fact that QPU was not an asset in respect of which the Quinn family claimed ownership. It was owned by former work colleagues, friends and extended family. He said that Peter Quinn had explained to him that his contact with Ms. Puga was diminishing and that he was sceptical as to what she was doing. It was put to him that this was in contrast to the evidence given by Peter Quinn in regard to Ms. Puga. Peter Quinn had explained that he went to Kiev to let the people there know that he was getting removed from everything to do with QPU and he wanted to explain that he was not going to be involved anymore and that he wished to thank everyone for their efforts over the years. Peter Quinn in his evidence had said that he wanted to reassure Ms. Puga in the course of his visit that her position would not be affected because she had done a very good job. He had assumed that she would be kept on. Notwithstanding that evidence by Peter Quinn, Sean Quinn Junior reiterated that Peter Quinn had told him that his relationship with Ms. Puga was deteriorating. Further, it was put to Sean Quinn Junior that notwithstanding any contention as to the relationship between Peter Quinn and Ms. Puga deteriorating, she was kept on in Univermag as general director.

In the course of his evidence, Sean Quinn Junior described the meeting with Ms. Puga which took place around 12.00 in the day. It lasted for about an hour. The meeting was conducted in English. He described the meeting as cordial. He said that he and Peter Quinn explained to her the situation in relation to the injunction and that

no actions should take place by reason of that. He was not in a position to explain how Minute No. 21 was placed in the files of QPU. He denied being a party to placing that documentation on the files of QPU. He was referred to correspondence in regard to the meeting of the 30th August, 2011, in which the following appeared:-

> "Indeed, it cannot follow that Sean Quinn Junior (who has never held any role in QPU) attends the meeting on the 30th August, 2011, as is alleged, and then a resolution/minute produced, which is purported to be signed by Sean Quinn Senior and Peter Quinn. Clearly no such meeting took place."

Sean Quinn Junior accepted that that letter did not specifically say that he had travelled to Kiev. However, he denied that the response provided through his legal representatives was evasive. Subsequently in correspondence it was admitted that they did attend at QPU premises in Kiev on the 30th August, 2011.

Another feature of the evidence was the fact that both Peter Quinn and Sean Quinn Junior stated that neither of them on their journey discussed the purposes for travelling to Kiev. Indeed, Peter Quinn said in the course of his evidence that he had no idea as to the other business that Sean Quinn Junior was attending to in Kiev. Sean Quinn Junior also indicated in the course of his evidence that he met Ms. Puga on a number of subsequent trips to the Ukraine. The last time he met Ms. Puga in the Ukraine was around the middle of January 2012. He described one of those meetings as being a fraught meeting. This apparently related to the allegation that Peter Quinn's signature had been forged on documents relating to assignments from Innishmore to Lyndhurst.

I will return to other aspects of the evidence of Sean Quinn Junior at a later stage. For the moment I propose simply to deal with all of the evidence in relation to

the issues surrounding the payment or attempted payment of US$500,000 to Ms. Puga.

I now want to consider some of the questions and issues that emerged from that evidence. Looking at the labour contract of Ms. Puga, it seems to me that it is a document which appears to have been created by the insertion of two clauses into what was probably a genuine labour contract (having as it does all the signs of having been drafted professionally), namely the clause increasing her salary from the 1st June, 2011, and the provision of a termination payment of US$500,000. There was a reference to another labour contract dated some time in October 2009, but no contract of that date was produced in evidence. I do not think anything turns on this. The essential point is that the February 2009 contract was clearly fabricated or falsified to facilitate the payment of US$500,000 to Ms. Puga. As mentioned previously, the labour contract was signed by Sean Quinn Senior and it is noted that he has not suggested that his signature on the document was forged.

The second matter I wish to address is Minute No. 21. It was relied on by the respondents in tandem with the labour contract to underpin the payment of US$500,000. There is no suggestion by Anglo that Sean Quinn Senior was in Kiev on the 30th August, 2011. Rather, it is contended that he signed the Minute and it was then brought by Sean Quinn Junior and Peter Quinn to Kiev on the 30th August, 2011. There is a conflict in the evidence between Peter Quinn and Sean Quinn Senior as to the signing of minutes by Sean Quinn Senior in respect of meetings he did not personally attend. Yet, he gave evidence of signing documents presented to him for his signature without any apparent difficulty. There was a suggestion in the course of evidence that a different Minute No. 21 could have been signed by Peter Quinn and Sean Quinn Senior but no further Minute No. 21 has been produced notwithstanding

the inspection that took place on behalf of the respondents in Kiev and no explanation as to what any other Minute No. 21 might have contained. In effect, the suggestion amounted to the proposition that the signature page had been removed from another Minute No. 21 and added to the Minute No. 21 before the Court.

It was also a curious feature of the evidence that neither Peter Quinn nor Sean Quinn Junior on the long flight to Kiev discussed their respective business in travelling to Kiev.

Another issue that emerged from the evidence relates to the manner in which Peter Quinn and Sean Quinn Junior disclosed the fact that they had been to Kiev on the 30th August, 2011. The initial impression from the correspondence from Eversheds would lead one to believe that there was no meeting in Kiev on the 30th August, 2011. It was only conceded that such a meeting took place when it became obvious that Anglo had evidence that Peter Quinn and Sean Quinn Junior had been present in the Leonardo building on that date.

The next issue I want to refer to relates to the evidence of Peter Quinn and Sean Quinn Junior as to their respective purposes in travelling to Kiev. Peter Quinn said he was going to thank staff and say goodbye to them in the light of the fact that the Quinns were going to be removed from control of QPU on the 31st August, 2011. He expressed no negative views as to Ms. Puga and expressed the hope that she would be kept on in QPU as general director. Sean Quinn Junior on the other hand gave evidence as to Peter Quinn's growing concerns as to the bona fides of Ms. Puga and explained his role as being to give a second opinion on her. There is undoubtedly a contradiction in the evidence given by them.

I now want to mention the business meeting of Sean Quinn Junior with Ms. Puga and some unnamed Ukrainian at the Radisson Hotel on the evening of the 30th

August, 2011. It makes little or no sense that Sean Quinn Junior would attend such a meeting arranged by Ms. Puga that day, given Sean Quinn Junior's apparent view of her. Apparently, the meeting was only arranged earlier that day and the evidence of Sean Quinn Junior in regard to what occurred at the meeting is vague, to say the least. He could not even name the individuals in attendance at the meeting.

Another significant factor is the continuing involvement of Ms. Puga in Univermag following the events described. If there was any concern by any member of the Quinn family in relation to Ms. Puga's bona fides, it is at odds with that alleged concern to have allowed her to continue in her role as general director of Univermag. It emerged that further meetings took place with her up to January 2012. I note that the meetings in December and January appear to have been described as fraught, but it is difficult to reconcile her continuing role in Univermag and the continuing meetings with her, with the fact that at that stage it had emerged that US$500,000 of QPU's money had ended up in her bank account.

I have come to the conclusion that Anglo has produced compelling evidence to establish beyond reasonable doubt that the attempted payment to Ms. Puga was brought about by the respondents. The signatures of Sean Quinn Senior and Peter Quinn are on Minute No. 21. The signature of Sean Quinn Senior is on Ms Puga's labour contract. The main events which led to the transfer of that money occurred (by coincidence, one is asked to believe) on the 30th August, 2011, the day on which Peter Quinn and Sean Quinn Junior attended a meeting in Kiev with Ms. Puga. The evidence of Sean Quinn Senior as to how his signature ended up on the two documents is not credible. Peter Quinn in the course of his evidence was evasive, lacking in candour and I regret to say, untruthful, in his evidence on this issue. I cannot and do not believe his evidence about the lack of discussion between himself

and Sean Quinn Junior as to their respective business in Kiev on their long flight. I do not believe his evidence as to his purpose in travelling to Kiev. If, as he said, he was going to thank staff and say goodbye, it seems odd that he only met Ms. Puga. Finally, I find his evidence in relation to his subsequent dealings with Ms. Puga unsatisfactory and hard to understand. It makes no sense that he would have expressed the view that she should have been kept on as general director of Univermag if there was any concern as to her bona fides. His evidence in relation the issue of the transaction on the 30th August 2011 simply lacks credibility.

As for Sean Quinn Junior, I find much of his evidence unbelievable. Again, I find it impossible to accept his evidence that he and Peter Quinn had no discussions about the purpose of their journey while on the long flight to the Ukraine. I do not accept for a moment that his role in going to Kiev was to give a second opinion on Ms. Puga. Sean Quinn Junior was also evasive in relation to the occurrence of the meeting with Ms. Puga in the Leonardo building on the 30th August, 2011. His account of the business meeting arranged by Ms. Puga later on that day was less than convincing. It simply made no sense.

Taking all the evidence on this issue into account, I reject the belated suggestion by the respondents that Ms. Puga was behind the fabrication of the documents referred to, to enable the transfer of US$500,000 into her bank account. I am satisfied as a matter of fact that Minute No. 21 was signed by Sean Quinn Senior and Peter Quinn. As already indicated, I am satisfied that the labour contract was fabricated or falsified by the insertion of additional clauses. I am satisfied that the purpose of the journey to Kiev on the 30th August, 2011, was to meet with Ms. Puga and to arrange for the transfer of the sum of US$500,000 from the bank account of QPU to the bank account of Ms. Puga. It was facilitated by the use of the fabricated

labour contract and Minute No. 21. It is neither appropriate nor necessary for me to speculate as to the purpose of the respondents in this regard. Suffice to say that Anglo has in my view demonstrated beyond reasonable doubt the involvement of all of the respondents in the attempted payment of money to Ms. Puga. I will at a later stage make some additional observations as to the role of Sean Quinn Senior in this and the other matters complained of herein.

There is however, one further issue that has to be considered in this context and that is whether or not the transaction is covered by the terms of the orders made herein. Reference was made by counsel on behalf of the respondents to paragraph 2 of the Order of the 20th July, 2011, which referred to taking any steps directly or indirectly that may have the effect of transferring any of the assets of a number of Quinn companies. The order does not refer specifically to QPU and it was on that basis that the submission was made. It is correct to say that QPU is not explicitly mentioned in the Order; however, that company is owned as to 15% by Quinn Investments Sweden AB through its interest in Quinn Properties Sweden AB and in turn, Quinn Office Sweden AB. To that extent, I am satisfied that although not specifically mentioned in paragraph 2 of the Order, the injunctive relief granted herein covers the transfer of assets save to the extent that same may be done in the ordinary course of business. Further, Mr. Gallagher on behalf of Anglo submitted that the alleged contempt was a breach of paragraphs 1, 2 and 4 of the Order. I accept the submissions of Mr. Gallagher that what has been alleged is not just a breach of paragraph 2 of the Orders made herein and that the respondents are in breach of the Orders.

Galfis/Gurniak

The second issue I wish to examine is the assignment by Demesne, of debts owing to it by, amongst others, Finansstroy. Finansstroy is an IPG subsidiary registered in Moscow and is the owner of the Ivana Franko building, one of the most valuable assets in the IPG. Finansstroy is currently in self insolvency having been placed into self insolvency by Peter Quinn. It has been valued at US$143.25 million and generates income estimated at US$22.5 million annually. Finansstroy is owned by the Cypriot company, Carcer Management Limited ("Carcer").

Sean Quinn Senior was a director of a Northern Ireland Quinn company called Demesne Investments Limited ("Demesne"). Demesne operated as the finance wing of the Northern Ireland group and was a creditor in a series of inter company loan agreements. Finansstroy and various other IPG subsidiaries owed debts to Demesne totalling circa US$163 million.

The respondents' case is that, as part of a strategy to put assets beyond the reach of the plaintiff, loans which were due to Demesne by other subsidiary companies were assigned in April 2011, to a Russian individual, Mr. Iaroslav Gurniak, a cousin of a Moscow lawyer employed in the firm "Attorneys and Business" ("A and B") who have acted for the defendants in Russia. The respondents in their evidence have indicated that the assignment documentation in respect of the debts due to Demesne was drafted by A and B. They were described by Peter Quinn as the 44th largest law firm in Russia. During the course of his evidence, Peter Quinn for the first time stated that the defendants had a gentleman's agreement with Mr. Gurniak that they would be entitled to 20% of any sum recovered by Mr. Gurniak in the course of the self insolvency of Finansstroy. The defendants kept no copies of the assignments and there is no documentary evidence to support the existence of a "gentleman's agreement".

Anglo contends that the debts owed to Demesne by Finansstroy and other IPG subsidiaries were assigned to a company called Galfis Overseas Limited ("Galfis"), a company controlled by the defendants. It is contended that the assignments to Galfis occurred in July 2011, or later and that the assignment documents were backdated to April 2011, a date before the Court Orders were made. It is the contention of Anglo that Finansstroy has been stripped of its assets by a series of steps including the formulation of a fraudulently inflated debt claim against it and a series of other steps. Thus, it is contended that it has been possible to place Finansstroy into self insolvency, a process controlled by Galfis, stated to be its main creditor.

A key question that arises therefore, is whether or not the transactions at the heart of this issue, namely the assignments of debt by Demesne, were made either to Galfis or to Mr. Gurniak. In order to answer that question, it would be helpful to outline the context to some extent. In that regard, the evidence of Peter Quinn and Sean Quinn Senior is, that prior to the appointment of the share receiver by Anglo in April 2011, Peter Quinn had been considering the implementation of a plan on the basis of legal and financial advice he had obtained which involved the systematic stripping of assets from companies within the IPG with a view to placing them beyond the reach of the plaintiff. The evidence of Sean Quinn Senior and Peter Quinn was that that plan was put into operation in April 2011. The respondents have accepted that some of the steps to implement this plan took place after the granting of the Orders, but they contend that they were not involved in those steps and that the actions relevant to them had taken place before the injunctions were granted.

It would now be helpful to set out certain details in relation to events surrounding the self insolvency of Finansstroy. On the 24th April, 2011, minutes of Carcer were signed recording the resignation of Mr. Kevin Lunney as director and the

appointment of Aoife Quinn, Ciara Quinn and Colette Quinn as directors. Peter Quinn was the general director of Finansstroy from the 1st April 2011. On the 6th May, 2011, Peter Quinn filed for the bankruptcy of Finansstroy with the Arbitrazh Court in Moscow. The petition was suspended and Finansstroy was required to remedy defects in its petition and provide further information and documents. On the 3rd June, 2011, Peter Quinn transferred US$4.5 million from Finansstroy's Raiffaisen bank account to its Ocean bank Account. On the 7th June, 2011, the Inter Regional Treteisky (Private Arbitration) Court made an arbitration award, pursuant to which US$100,726,780.34 was ruled to be owing by Finansstroy to Galfis (this amount comprised of US$45,156,369.50 by way of loans and US$55,570,410.84 by way of interest). On the 16th June, 2011, Finansstroy filed a motion for self insolvency, citing debts totalling 7,711,976,551 roubles. Cranaghan Property Management Limited was the only creditor named in the bankruptcy petition. Although Cranaghan Property Management Limited was named as the only creditor in the bankruptcy petition, reference was made in the bankruptcy petition to the arbitration award in favour of Galfis. This was referred to by reference to a case number being No. 10/11-C1, which appeared on the arbitral award. On the 20th June, 2011, Aoife Quinn signed a statement of withdrawal on behalf of Carcer, withdrawing its shares in Finansstroy and leaving Peter Quinn as the sole share holder in Finansstroy. On the 20th June, 2011, Peter Quinn travelled to Dubai for a meeting with Michael Waechter of Senat, a company secretarial services company. On the 22nd June, 2011, the company "Galfis" was given to Senat by Aleman Cordero, Galindo and Lee Trust (Belize) Limited ("Aleman"), a firm located in Belize. It subsequently transpired that on the same date Peter Quinn ordered a number of other companies from Senat. On the 24th June, 2011, Peter Quinn resigned as general director of Finansstroy, but remained as

commercial director until February, 2012. A Mr. Golyshev was appointed general director of Finansstroy by Peter Quinn. Anglo appointed Mr. Nakmanovich as general director but he could not gain access to Finansstroy. On the 8th July, 2011, the statement of withdrawal of Carcer's shares was registered with Russian authorities by Mr. Golyshev. On the 22nd July, 2011, the first hearing of Finansstroy's bankruptcy application took place in Moscow. Galfis was named as the main creditor at that hearing and not Cranaghan Property Management Limited. On the 25th August, 2011, Galfis submitted a claim in the bankruptcy proceedings listing the amount owed to it by Finansstroy as US$419,197,000. Galfis's claim was granted recognition by the Moscow Court on the 22nd November, 2011, and is the main creditor with control of the bankruptcy, although Anglo was accepted as a secured creditor in January 2012. On the 6th February, 2012, three new creditors were listed in Finansstroy's bankruptcy in place of Galfis namely ZAO Vneshkonsalt, Stroitlnye Teknologi and 000RLC-Development. Peter Quinn resigned as commercial director of Finansstroy in February 2012.

An examination of the court file in relation to the bankruptcy/self insolvency of Finansstroy revealed the following documents:-

1. Assignments purportedly dated the 4th April, 2011, assigning 29 loans totalling approximately US$163 million owed to Demesne by Finansstroy and various other IPG subsidiaries, including Red Sector and Logistica. The consideration to Galfis for the loans was US$100 per loan. These assignments contain the signatures of Sean Quinn Senior, on behalf of Demesne and Peter Quinn on behalf of Finansstroy. The signatory for Galfis was Mr. Gurniak who signed using a power of attorney granted to him by Galfis, dated the 1st April, 2011.

2. By addenda to the principal loan agreements executed between Galfis and Finansstroy as borrower, dated the 4th April, 2011, the interest rate due pursuant to the loans was increased from 15% to 30% and a repayment date of the 1st May, 2011, was established. These addenda were signed by Peter Quinn on behalf of Finansstroy and acting in the capacity of each respective borrower's representative by power of attorney.
3. Finansstroy entered into surety agreements with Galfis dated the 4th April, 2011, guaranteeing the loans of other Russian IPG subsidiaries. The surety agreements contained an arbitration clause. On foot of the various agreements referred to above, the debts of Finansstroy totalled US$1,726,780.34 on the 1st May, 2011, thus leading it into self insolvency.

Anglo brought proceedings in Belize against the defendants and obtained a Norwich Pharmacal type order against Aleman in those proceedings. As a result, Anglo discovered that Galfis was incorporated in February 2011, and remained a shelf company until purchased by Senat on the 6th July, 2011. Prior to the 6th July, 2011, Galfis had no officers and existed in name only. On the 6th July, Mr. Fernando A. Gil was appointed as sole director of Galfis and he issued 50,000 bearer shares to Senat on this date. Also on 6th July, 2011, Aleman sent a power of attorney to Senat dated the 1st April, 2011 on its face authorising Mr. Gurniak to act on behalf of Galfis. It was later confirmed by Aleman that the date inserted in the power of attorney was incorrect and a typographical error. Thus, it is clear that the assignments purportedly dated the 4th April, 2011, together with the addenda to the principal loan agreements and the surety agreements dated the 4th April, 2011, entered into with Galfis could not have been entered into prior to the 6th July, 2011.

Reference to Galfis was made in correspondence between Anglo's solicitors, McCann Fitzgerald to Eversheds, the defendants' solicitors in a letter of the 7th September, 2011. The question of a debt to Galfis was referred to in a reply dated the 13th December, 2011, from Eversheds which stated that "Our clients are not involved in any litigation in Russia or the Ukraine and they will not gainsay and/or impugn any Court and/or arbitral processes in Ireland or in foreign jurisdictions". They went on to point out that anything in relation to the Galfis debt appears to have occurred long before the making of the order. There was further correspondence in which reference was made to Galfis but it was not until the 12th March, 2012, that Peter Quinn in his affidavit sworn on that date first said that the assignments were to Mr. Gurniak personally as opposed to Galfis. He then exhibited copies of those documents which he had obtained from the files of Mr. Khokhlov, his Russian lawyer.

I have considered all of the evidence and in particular that of Peter Quinn and Sean Quinn Senior on this issue which I propose to refer to but for practical reasons, I will only refer to some aspects of the evidence.

First, I want to consider the role of Mr. Gurniak. This has been outlined in a series of affidavits sworn by Mr. Woodhouse in which he has exhibited documentation from proceedings brought by Anglo *inter alia*, against Galfis and Demesne in Belize. An affidavit was sworn by a lawyer on behalf of Anglo in those proceedings, a Mr. Grebenyuk. Mr. Woodhouse subsequently exhibited in his affidavit of the 17th February, 2012, the affidavit from Mr. Grebenyuk together with a further unsworn version of the affidavit. In addition, an affidavit was sworn by Eamon Courtenay in these proceedings on the 19th March, 2012. He is a senior partner in the firm of Attorneys at Law representing Anglo in the proceedings in Belize. In the course of his affidavit, he described the application of Mr. Gurniak to

be joined to the Belizean proceedings. Mr. Gurniak was cross examined by video link in that application. Ultimately his application was unsuccessful. I have read the transcript and the decision of the Supreme Court of Belize given by the Honourable Chief Justice Kenneth Benjamin in that regard exhibited by Mr. Courtenay. Having done so and having considered all of the evidence concerning Mr. Gurniak, I think it can be stated clearly that Mr. Gurniak is an unlikely candidate to be involved in the acquisition of assets of a company generating an annual income of US$22.5 million. To that extent, I accept the contention on behalf of Anglo that Mr. Gurniak is "a man of straw".

The fact that Mr. Gurniak is a man of straw does not determine the issue that the documents exhibited by Peter Quinn, in which Demesne apparently entered into various arrangements with Mr. Gurniak, were created to give the false impression that any steps to strip Finansstroy of its assets occurred before the making of the two Orders of this Court. There are a number of matters which require to be considered. Anglo has contended that despite references made in the course of correspondence in this jurisdiction and also references to the use of the assignment of debt to Galfis to bring about the self insolvency of Finansstroy described in the Northern Ireland proceedings, it was not until the affidavit of 12th March, 2012, that the suggestion was made as to an assignment to Mr. Gurniak. Anglo also referred to the fact that it was only at a very late stage namely, in the course of the cross examination that Peter Quinn, for the first time, indicated that there was a side agreement or gentleman's agreement that the Quinn family would receive 20% of the value of the debts recovered by Mr. Gurniak in respect of the assigned debts. There was no documentation, agreement or any way of verifying this alleged agreement and given the overall context of the plan described by Peter Quinn to remove assets from the

reach of Anglo and to provide those assets to the Quinn children it is somewhat extraordinary that such an arrangement would be entered into without any form of documentation or any apparent means of enforcement.

The next curious aspect of the matter relates to the involvement of Peter Quinn in the acquisition of Galfis. According to Peter Quinn as described in his affidavit, in June 2011, he was requested by Sean Quinn Senior to explore the establishment of a trust for the benefit of his grandchildren. In conversation with his Russian lawyers, A and B, he informed them that he was travelling to Dubai in relation to obtaining advice about this trust. A and B then asked him for assistance in acquiring an off shore company for Mr. Gurniak. Accordingly, on the 20th June, 2011, he met Michael Waechter of Senat and asked him to acquire an off shore company on behalf of A and B. He was subsequently given the name Galfis by Senat and he passed on that information to A and B. He stated in his affidavit he had no other involvement with Galfis. He also described the fact that the had met Mr. Gurniak on two occasions, once in May 2011, when he was introduced to Mr. Gurniak and the second in January 2012, and he described both of those meetings as chance meetings. Despite what was stated by Peter Quinn in that affidavit, he admitted in evidence that he also travelled to Dubai for the purpose of purchasing a number of other companies. He conceded in his evidence that those companies were for the purpose of transferring some unsecured assets of the Quinn family to those companies. I have to say at this point, that I found the evidence of Peter Quinn in relation to the purchase of Galfis to be frankly unbelievable. The story he told in relation to his discussions with Michael Waechter in respect of a potential trust structure for the benefit of the grandchildren of Sean Quinn Senior was completely lacking in credibility. Given that it is clear from the evidence before me that his purpose in travelling to Dubai was to arrange for the

purchase of a number of companies which were to be used for the transfer of valuable unsecured assets, I am satisfied that this is a very persuasive factor in leading to the conclusion that Galfis was likewise a company purchased by Peter Quinn on behalf of the Quinn family as opposed to a company purchased for a Mr. Gurniak at the request of his Russian lawyers, A and B. It seems extremely unlikely that a firm of lawyers in Russia would need the intervention of Mr. Quinn to assist them. Peter Quinn's evidence strikes me in that regard as being simply untrue.

The chain of events leading to the alleged assignment to Mr. Gurniak from the point of view of Peter Quinn is also curious. He described in his affidavit how he first met with Mr. Khokhlov, a Russian lawyer, on the 16th March, 2011. He was advised by Mr. Khokhlov that in order to protect the Russian property assets, it would be prudent to assign the inter company debts due to Demesne to a separate entity. Mr. Khokhlov subsequently advised him that he had contacted another law firm, A and B to assist in assigning the loans due to Demesne and in drafting all the necessary documentation. Peter Quinn stated that he received the documentation shortly after the 4th April, by courier. He said that those documents were all signed by Mr. Gurniak as assignee. The documents were in Russian and not translated. He subsequently brought those documents to Moscow on the 14th April, 2011, and they were collected from him on the 15th April, 2011. He had no further dealings after that date with Mr. Khokhlov. It seems somewhat odd that the assignments and other documents were all produced by A and B at a time when Peter Quinn had never met them. A and B subsequently acted for Finansstroy in the preparation and filing of the bankruptcy proceedings. Another curious aspect of the alleged gentleman's agreement described by Peter Quinn in respect of the purported assignment to Mr.

Gurniak is that he did not know if Mr. Gurniak was aware of that arrangement. The transcript of his evidence makes this clear:-

"Question: And what you described as a gentleman's agreement was some agreement of what type?

Answer: Initially what I said was if they recovered anything that we'd want 20% or the Quinn family would want 20%.

Question: Who did you say that to?

Answer: To my lawyer.

Question: Did you ever say it to Mr. Gurniak?

Answer: No.

Question: Do you know whether Mr. Gurniak was aware of this gentleman's agreement?

Answer: No.

Question: You don't?

Answer: No.

Question: So you had a gentleman's agreement with Mr. Gurniak of which he may have been unaware so far as you are concerned?

Answer: That's a possibility, yes."

As I have said before, given that the overall purpose of the assignments was to place assets from the secured properties out of the reach of Anglo and make them available for members of the Quinn family, this seems to be an extraordinarily risky method of so doing. In effect, control was being given over the assets to an individual over whom the defendants could have no control. They were relying on a "gentleman's agreement" to recover anything. On the other hand, if the transfers were to a company over which the Quinn family ultimately had control, then all of the

assets recovered by that company would be available for the benefit of the Quinn family. Thus, I find it extremely difficult to accept that a plan that was devised and considered, and upon which Peter Quinn obtained advices from leading firms of lawyers, Cameron McKenna in Moscow and Baker McKenzie in Kiev, together with other advices, at best would have recovered only 20% of the assets available. I cannot accept the credibility of Peter Quinn in relation to this aspect of the matter.

A number of other points were relied on by Anglo in support of its contention that the respondents are in breach of the Orders made herein in this respect. I do not propose to refer to those in detail but it is necessary to refer briefly to some of the points made. First of all, it was pointed out that the Finansstroy seal, which was kept in Finansstroy according to Peter Quinn, was used on what the respondents contend are bogus assignments in respect of Galfis. The second point to note is that the assignments to Galfis exhibited by Mr. Woodhouse were taken from the court files in Russia in the bankruptcy proceedings. Those assignments have been present and relied on in those proceedings since they were first presented in those proceedings on the 22nd July, 2011, when Galfis was first identified by Finansstroy's legal representatives as its "sole creditor" in the bankruptcy proceedings. It is difficult to understand how, if the contention that the assignments to Galfis were bogus, that could have been permitted to occur without question from Finansstroy.

It was also pointed out on behalf of Anglo that the second Finansstroy bankruptcy petition which was signed by Peter Quinn and dated the 26th June, 2011, referred to the sole creditor as Cranaghan Property Management Limited a company owned and controlled by the Quinn family with an address at the Slieve Russell Hotel, Cavan. No reference was made in the course of that petition to Galfis or indeed to Mr. Gurniak if, indeed, he owned the debt at that time. In fairness to Peter Quinn, that

document was a document prepared in Russian, but the words "Cranaghan Property Management Limited" together with the address of its registered office is the one thing that would jump off the page to anyone looking at the document. I simply cannot accept that that document was signed by Peter Quinn in circumstances where he did not notice the reference to Cranaghan Property Management Limited. Given that he would have expected to see a reference to Mr. Gurniak in the insolvency petition on the basis of his case if his evidence is to be believed, it is also not credible that he did not see the reference to Cranaghan bearing in mind that he brought about the self insolvency of Finansstroy in accordance with the comprehensive legal advice obtained by him as previously described. There is no reference at all to Mr. Gurniak or indeed to Galfis in that petition. It is difficult to understand how his lawyers, A and B, in drafting that petition, could have inadvertently inserted the name of Cranaghan Property Management Limited, a company which A and B could presumably only have heard of through Peter Quinn. In his evidence, Peter Quinn indicated that it was originally intended that a mirror structure be created as part of the plan to divest the company of its assets and to transfer those assets into Cranaghan Property Management Limited. In my view the reference to Cranaghan supports the contention of Anglo that there was no assignment to Mr. Gurniak at this point in time and equally, there could not have been any assignment to Galfis given that it had not been purchased at that date.

The next point relied on by Anglo is the fact that there are no records in the accounts or books of Demesne or Finansstroy of any assignment of these debts to Galfis or Gurniak in April 2011, at a time when the Quinns controlled those companies. Peter Quinn's evidence in that regard was to the effect that there was always a lapse of time in the preparing of accounts and records of the various

companies and that as the Quinn family was no longer involved in Demesne after the 14th April, 2011, it was not possible to complete the accounts and records. That I can accept but what I do find extraordinary is the fact that not only was there no record in the accounts of books of Demesne or Finansstroy of the assignment of these debts, there were no copies kept of the various assignments, addenda and surety agreements.

Another curious aspect of the matter pointed out by Anglo is that in an affidavit sworn in the Belize proceedings by Mr. Gurniak on behalf of Galfis, he deposed that Galfis had substantial debtors. He went on to say "those debts arise as a result of legal assignments for consideration made on the 4th April, 2011, between Demesne and the first named defendant". The first named defendant in those proceedings was Galfis Overseas Limited. Clearly, therefore, it was Mr. Gurniak's contention in the Belize proceedings that the assignments were made to Galfis and not to him personally. As is patently clear at this stage, that averment simply cannot be true given that Galfis did not exist other than as a shelf company at that point in time.

The next issue raised by Anglo relates to what has been described as the contrived and bogus arbitral award to Galfis. The arbitral award was for a sum in the region of US$100 million. It bears a date of the 7th June, 2011. The case reference number of the so called arbitral award was used in the bankruptcy petition signed by Peter Quinn in his capacity as general director of Finansstroy on the 16th June, 2011. It was submitted that it was inconceivable that this award would have been relied on in the Finansstroy bankruptcy if the original assignments had in fact been to Mr. Gurniak. It was also submitted that it was inconceivable that this matter would not have been brought to Peter Quinn's attention given that he was at that time the general director of Finansstroy. He was cross examined at length in relation to this issue and he agreed in the course of that cross examination that it would have been

extraordinary for such an arbitral process to have occurred concerning Finansstroy when he was general director and for him not be made aware of it. He was unable to give any explanation as to how it came about and he was unable to given any explanation as to why the award indicates that Finansstroy "submitted a request for considering the dispute in the absence of its representative". What is also surprising is the fact that when this issue was raised in correspondence, given that he was the general director of Finansstroy at the time when this alleged arbitral award was procured, he does not appear to have adverted to it or dealt with it in any way. Eversheds, on behalf of the defendants, were critical in their correspondence of Anglo for having "impugned" the arbitral award. Anglo in its submissions described the emergence of a document purporting to be an arbitral award as an act of profound deception. It is difficult to disagree with that characterisation of the arbitral award.

One of the more telling points made by Anglo relates to the overall plan or strategy as outlined by Peter Quinn. As mentioned above, Peter Quinn has taken advice from Cameron McKenna in Moscow and Baker McKenzie in Kiev and from P.W.C. in a period commencing in late 2010, to early 2011 as to the legal options available to secure the Russian and Ukrainian assets of the IPG for the third to seventh named defendants ("the Quinn family"). The advices listed a number of options including the establishment of new companies and the possibility of share sales as a method of disposing of the assets. As Peter Quinn pointed out, the object of the exercise was to secure the assets for the Quinn family. In that context, as pointed out by Anglo, it would have made no sense whatsoever for the Russian and Ukrainian assets to be transferred to an individual, be it Mr. Gurniak or anyone else, as the assets would then pass out of the control of the Quinn family. On the other hand, a transfer to companies under the control of the Quinn family would protect the assets

regardless of the outcome of the litigation between Anglo and the defendants. Peter Quinn in his evidence could not explain why, having obtained the requisite advice, this strategy was, according to him, abandoned on the 4th of April, 2011, by transferring the assets to an unknown individual, apparently on the recommendation of his lawyers. Incidentally it is interesting to note that although the original advices were obtained from Cameron McKenna, Peter Quinn chose to use A and B as his lawyers for effecting and putting into operation the transfer of assets.

The transfer of assets by means of the assignments to Mr. Gurniak make no sense and could not be of benefit to the Quinn family even with the additional element which emerged late in the day of the "gentleman's agreement" with Mr. Gurniak.

If one also takes into account the established actions of the Quinn family in relation to unsecured assets which emerged in the course of the hearing, one is led inexorably to a clear conclusion. To explain this – there were a number of companies owned by the Quinn family which had unsecured assets. They included East Point Logistica, Aksay Development Company and Stroy Torg Centre. Peter Quinn under cross examination described the sale of those assets by means of share sales by Stephen Kelly, the eighth defendant, for figures which represented practically no value – for example – Business Park LLC which had a value of approximately €18 - €19 million was sold for the sum of approximately €2,500. Those assets were apparently sold to unrelated companies in May and June 2011. It has now been established that following the transfer of those unsecured assets to apparently unrelated companies, in the case of three of the companies involved, the assets have now been transferred on to three further companies. It has emerged that the three companies to which those assets have now been transferred were companies acquired by Peter Quinn from Senat on his trip to Dubai on the 20th June, 2011, namely,

Clonmore Investments, Blandum Enterprises and Marfine Investments Limited. These transfers follow the strategy outlined in the advices obtained by Peter Quinn. Although Senat has stated that the owners of the companies "are not the Quinn family", the nature of those transactions coupled with the overall strategy described by Peter Quinn in his evidence leads me to the inescapable conclusion that the respondents and Peter Quinn in particular, would never have embarked on the risky strategy of transferring valuable assets to an unknown individual. The object of the exercise was, after all, to secure the assets for the benefit of the Quinn family. (I might add without going into detail that the identity of those companies was not disclosed by Senat despite a request from this Court until an order was made in the Supreme Court of Belize on the 18th April, 2012, in proceedings between *Anglo, AskaAB (Sweden) v. Aleman Cordero Galindo and Lee Trust (Belize) Limited*.)

Given the circumstances I have described, I have to say that I can only conclude that the evidence of Peter Quinn and Sean Quinn Senior in relation to the various assignments and agreements purportedly signed by them on the 4th April, 2011, simply cannot be true. I do not for one moment accept that they would have blithely signed away valuable assets worth approximately US$130 million in the form of loans due to Demesne for nominal sums to an unknown individual who is clearly a man of straw. The evidence to that effect from the respondents is not credible.

I am driven to the conclusion that the assignments and other agreements relating to Mr. Gurniak were produced by Peter Quinn and Sean Quinn Senior only when it became clear to them that Anglo could establish beyond doubt that Galfis could not have been party to any such transactions before the 6th July, 2011, when that company was actually provided to the Quinn family following the request of Peter Quinn. It follows therefore, that I reject the evidence of Sean Quinn Senior and Peter

Quinn as to the signing of any documents in April 2011. I am satisfied beyond any doubt that the assignments entered into by the respondents Peter Quinn and Sean Quinn Senior were with Galfis and that those assignments were deliberately backdated, as was the power of attorney to Mr. Gurniak to act on behalf of Galfis, to create the impression that they had been entered into prior to the making of the Orders of this Court. It also follows from this conclusion that I reject the evidence of Sean Quinn Senior that he took no steps in relation to the matter and had no hand, act or part in any steps after the appointment of the share receiver in April 2011. Apart from the fact that it has been established that he was involved in some steps relating to the Cypriot companies and in relation to other matters such as a Swedish share transfer, I find it impossible to believe that he took no further interest in the protection of assets for the benefit of the Quinn family. As a matter of fact, I am satisfied beyond reasonable doubt that he signed the various assignments and other agreements on a date after the Orders were made for the purpose of giving effect to the strategy put in place by Peter Quinn, a strategy to which he had given his imprimatur. Therefore, I am satisfied beyond reasonable doubt that Peter Quinn and Sean Quinn Senior are in breach of the Orders of this Court.

Univermag

The third issue which requires to be considered is the assignment from Demesne of the loan owed to it by Univermag to Innishmore and the further assignment on by Innishmore to Lyndhurst. In that regard, I think it would be helpful to set out some of the background to Innishmore. On the 17th January, 2011, Innishmore Consultancy Limited ("Innishmore") was incorporated in Northern Ireland. Peter Quinn was the sole director of that company.

It is claimed by the respondents that on the 6th April, 2011, Univermag, Demesne and Innishmore entered into a supplementary loan agreement, assigning the debt due by Univermag to Demesne in the amount of US$44.2 million due to Demesne by Univermag onto Innishmore without payment of consideration. The supplementary loan agreement was signed by Ms. Puga, general director of Univermag, Sean Quinn Senior on behalf of Demesne and Peter Quinn on behalf of Innishmore. On the 17th May, 2011, Stephen Kelly was appointed a director of Innishmore, but resigned again on the 20th June, 2011.

The National Bank of Ukraine apparently issued a certificate registering the transfer of the loan from Demesne to Innishmore bearing a date of the 21st June, 2011. This certificate refers to Univermag, Innishmore, an interest rate of 0.1% per annum and payments for use of the loan.

On the 1st July, 2011, Univermag received a letter from Innishmore declaring an occurrence of Univermag's default and claiming repayment of the loan in full. The signature of Peter Quinn as director of Innishmore appears on the letter although Peter Quinn denied that he signed the letter.

On the 6th July, 2011, the name Lyndhurst Development Trading SA ("Lyndhurst") was reserved by a company secretarial company, the British Virgin Islands Financial Services Commission, and on the 11th July, 2011, Lyndhurst was incorporated in the British Virgin Islands.

On the 26th September, 2011, Innishmore and Univermag concluded a supplementary loan agreement which further amended the original supplementary loan agreement of the 6th April 2011 by changing bank details.

On the 7th October, 2011, an assignment agreement was entered into between Innishmore and Lyndhurst. This assignment agreement is signed by Peter Quinn on

behalf of Innishmore and bears the Innishmore company seal. The agreement also bears the Lyndhurst company seal. Peter Quinn denies that he signed this agreement and stated in evidence that he did not how the Innishmore seal came to be on the document.

On the 4th November, 2011, Innishmore and Lyndhurst entered into a supplementary loan agreement which is signed by Peter Quinn on behalf of Innishmore and bears the Innishmore company seal. This agreement also bears the Lyndhurst company seal. Peter Quinn denies that he signed that agreement and stated in evidence that he did not know how the Innishmore seal came to be on the document. On the 9th December, 2011, Lyndhurst brought a law suit in Kiev Commercial Court against Univermag claiming recovery of the loan amount of US$44.2 million. On the 21st December, 2011, at a hearing held in Kiev Commercial Court, Univermag admitted all claims in full. The motions of Anglo and Quinn Holdings Sweden AB to intervene in the proceedings were denied.

On the 23rd December, 2011, a Ukrainian Court judgment was rendered which satisfied the Lyndhurst claim in full and ruled that Lyndhurst was entitled to recover from Univermag the amount of US$43 million with interest amounting to approximately US$2 million.

On the same date, the High Court of Justice in Northern Ireland issued an injunction restraining Lyndhurst from dealing in any way with the assigned loan agreements. On the 28th December, 2011, the Eastern Caribbean Supreme Court issued an injunctive order restraining Lyndhurst from dealing with the assigned loan agreements in any way.

On the 29th December, 2011, in the High Court of Northern Ireland, proceedings were issued against Lyndhurst, Demesne and Innishmore in respect of the

transactions. On the same date there was an appeal against the judgment of the Kiev Commercial Court requesting it to reduce the amounts to be recovered by US$11.7 million.

Subsequently on the 23rd January, 2012, Peter Quinn swore an affidavit stating that he did not sign the Assignment Agreement and the Supplementary Loan Agreement. In the meantime, on the 24th January, 2012, Anglo sought a Norwich Pharmacal order against the firm of company registration agents in the British Virgin Islands. A contempt motion was brought by Anglo on the 27th January, 2012, in Northern Ireland against Lyndhurst. There was a hearing in the Kiev Commercial Court on the 9th February, 2012, when various appeals and motions brought by Anglo, Quinn Sweden and Demesne were denied.

On the 15th February, 2012, a receiver was appointed over Lyndhurst by the High Court of Northern Ireland. On the 23rd February, 2012, the Eastern Caribbean Court granted a Norwich Pharmacal order.

Thus it will be seen that a considerable number of steps were taking place during this period of time. The assignment and agreement referred to above appear to have been signed by Peter Quinn on behalf of Innishmore and by Ms. Puga on behalf of Univermag. The assignment was made for no consideration or nominal consideration. It is contended by Anglo that the transactions concerned were for the purpose of placing the assets beyond the reach of Anglo by setting up Lyndhurst as the main creditor of Univermag which would then be in a position to seize the asset. Accordingly, it is alleged that this is the same modus operandi that was adopted in respect of Finansstroy and other Russian companies. It is contended by Peter Quinn that neither he nor the Quinns have any association with Lyndhurst, that the assignment by Innishmore to Lyndhurst did not occur and that his signature was

forged. One unusual feature of his evidence was that he asserted in evidence that the copy of the Demesne to Innishmore assignment was not signed by him, although he accepted that he did execute such an assignment. This was yet another curious aspect of the evidence given by Peter Quinn. There was no explanation as to why his signature would have been forged on a copy document which he had no difficulty in agreeing had been executed by him. Equally, he never checked with either Sean Quinn Senior or Ms. Puga who were also involved in that transaction as to whether their signatures on the document were also forgeries. Further, this is not a matter mentioned in his affidavit.

It is a major part of his case that Peter Quinn alleges that his signature on the Lyndhurst documents was forged, but it is very difficult to understand his evidence to the effect that his signature on the Innishmore documents was also forged in circumstances where he does not in any shape or form suggest that the Demesne to Innishmore documents were not executed. Reference was made in the course of the evidence to a handwriting expert's report (Mr. Sean Lynch) which was exhibited in the affidavit of Peter Quinn. He concluded that the signature appearing on the purported Lyndhurst assignment was "more than likely not [Peter Quinn's] signature". Anglo has noted that Mr. Lynch's report was qualified in that he noted that "because documents are copy documents, copy documents lack the fine detail of original writing and because of the limited amount of incidental specimen signatures for comparison . . ."

I accept Anglo's argument that the report of Mr. Lynch is one to which a great deal of weight cannot be given, given the limitation noted by Mr. Lynch himself to the effect that he was merely asked to examine photocopy documents and was provided with only one example of Peter Quinn's signature.

The other matter relied on by the respondents in dealing with the allegations in this respect, is the NBU Certificate. Great reliance is placed by them on the certificate dated the 21st June, 2011, as evidence that the loan transfer from Demesne to Innishmore took place on the 6th April, 2011. There are a number of points to note in relation to this certificate. First of all it is exhibited in the affidavit of Peter Quinn on the 12th March, 2012. All that is available is a copy of the certificate which was apparently emailed from the accountant in Univermag to Peter Quinn.

On the 6th March, 2012, Mr. Sokiran, a partner in the law firm of Baker McKenzie, Kiev, swore an affidavit in response to a request from Peter Quinn to advise on the date of the supplementary loan agreement by reference to the registration certificate. Mr. Sokiran makes a number of points in relation to the certificate. He noted at the outset that his views or opinion were based on a scanned copy of the certificate. He stated that Ukrainian law requires the registration of cross border loan agreements between a Ukrainian company or borrower and a non Ukrainian company as lender with the National Bank of Ukraine ("NBU"), prior to the disbursement of funds to a Ukrainian borrower. To this end a borrower must seek to register its loan. The procedure for registration is primarily regulated by NBU regulations, which does not provide for the establishment of a register of loans as a unified official register which is publicly accessible. The NBU will not provide information to unrelated third parties (other than the borrower) regarding the registration of loans and the issuing of certificates following registration.

Mr. Sokiran also averred that the NBU issued the registration certificate dated as of the date of its actual issuing. However, without possession of the relevant registration certificate or official confirmation from the NBU, it is not possible for Mr. Sokiran to independently verify the registration of a particular loan. He stated

that whilst he has no reason to doubt the authenticity of the registration certificate, it is not possible for him to provide a date on which the supplementary loan agreement was actually executed by the parties. He also stated that it is his belief that the NBU does not verify the date of documents sent to it for registration but it is the requirement that the borrower should submit documents for registration to the NBU within two months of the date of signing of the relevant amendments. He went on to conclude that "assuming all the above is true, it is reasonable to suggest that NBU would not issue the Registration Certificate if the Supplementary Loan Agreement submitted to the NBU was created and entered into on some date after 21 June 2011, the date the Registration Certificate was issued".

As I have said the respondents place great reliance on this certificate.

Anglo contend that Mr. Sokiran's evidence was premised on a number of assumptions and was conditional. Particular reference was made to his conclusion quoted above. Anglo has pointed out that an assignment of the Univermag loan from Demesne to another party in April 2011 would make no sense in circumstances where it is now known that on the 15th June, 2011, Sean Quinn Senior was a party to a number of transactions involving Swedish companies including Quinn Holdings Sweden AB, the owner of Univermag, which purported to create new rated shares and assign those to Indian Trust AB for the purpose of transferring control over Univermag to Indian Trust AB. It was contended that such transactions are not logical in circumstances where the debts of Univermag had already been assigned to Innishmore.

Reference was also made to the affidavit sworn by Sean Quinn Senior on the 12th March, 2011, wherein he averred that all of the documents he signed in April 2011, were in a foreign language. Contrary to this averment, the Innishmore

assignment is bi-lingual. That raises an issue as to the evidence of Sean Quinn Senior to the effect that he was not aware that he was a director of Demesne or that he had executed any transaction on behalf of Demesne. A further point made on behalf of Anglo is that Sean Quinn Senior and Peter Quinn have given evidence that all the documents in relation to Demesne were signed on the same date, namely those in relation to Finansstroy and Univermag. However, the Univermag documents are dated the 6th April, whereas the Finansstroy documents are dated the 4th April. Clearly the evidence that all the documents were signed on the one day cannot be true.

There is no doubt that the respondents and Peter Quinn in particular have steadfastly maintained the position that the signatures of Peter Quinn on the assignment to Lyndhurst have been forged. Further there is significant reliance placed by them on the NBU Certificate. The evidence of Peter Quinn in relation to his signature on the copy of the assignment from Demesne to Innishmore is, to say the least, bizarre, particularly in circumstances where he did not make this point in his affidavit. It is also odd that throughout this period when there was ongoing contact with Ms. Puga, who was also a party to the various documents, he never queried her in relation to the transaction involving Lyndhurst. It was accepted by Peter Quinn that there was a plan to remove the assets from Univermag, but it is his contention that this was done by means of the assignment entered into on the 6th April, 2011.

I cannot accept on the evidence before me that there is any truth in the suggestion that this assignment was entered into on the 6th April, 2011, whereby the debts due by Univermag to Demesne were assigned to Innishmore. For reasons I have already explained in relation to the purported assignments to Galfis in April 2011, I simply do not accept that any transactions of the kind contended for by the respondents took place in April 2011. Peter Quinn and Sean Quinn Senior have

described in evidence how they executed all the assignments in April 2011. Those documents are dated the 4th and 6th April 2011, respectively. I do not believe the evidence of Sean Quinn Senior and Peter Quinn in relation to the date of the purported assignments to Galfis, not to mention Mr. Gurniak, and I am satisfied that those documents were created after the making of the Orders herein. My view of the evidence in relation to the Galfis/Gurniak assignments reinforces the view I have in relation to the Innishmore assignment to the effect that nothing of the kind was executed by Sean Quinn Senior or Peter Quinn in April 2011. This view is further reinforced by the actions of Sean Quinn Senior on the 15th June, 2011, referred to above in relation to the creation of new rated shares and their assignment to the company, Indian Trust AB; what emerged in the evidence is a pattern of events involving the stripping of assets to put them beyond the reach of Anglo which is the same in the case of Finansstroy and Univermag. I am therefore satisfied beyond a reasonable doubt that the Innishmore/Univermag documents were signed at or around the same time as the Galfis documents and on a date after the Orders of this Court were made.

I should refer to the NBU Certificate relied on by the respondents to support the contention that the Innishmore assignment was executed in April 2011. I have rejected that suggestion, but I should say in relation to the NBU Certificate that it is somewhat unsatisfactory to have a document upon which reliance is placed by the respondents coming from Univermag in a fashion that cannot be authenticated. There is no copy of the original. There is nothing in the evidence to suggest that the respondents could have had any difficulty in obtaining the original. That document of itself had at least one unusual feature namely, the reference to an interest rate which had no bearing or relation to any interest rate referred to in the purported assignment.

I note the very careful evidence provided on affidavit by Mr. Sokiran. His evidence was predicated on the assumption that the document was genuine. It seems to me that the only conclusion that one could reach in relation to that document is that it is not a genuine document.

Given that I have reached the conclusion that the assignment and other transactions relating to Univermag post date the Orders of this Court and are thus in breach of those Orders, it is not strictly necessary to reach a conclusion on the issue as to the alleged forgery of Peter Quinn's signature on the Innishmore to Lyndhurst documents but in the light of the evidence, I feel I should express a view. There is some support to be found from Mr. Lynch's report for the suggestion that Peter Quinn's signature was forged on the Lyndhurst documents but I am satisfied that little or no weight can be attached to that report for the reasons identified by the author of the report, Mr. Lynch, to which I have referred above, coupled with the evidence of Peter Quinn on this issue. A report was also obtained by Anglo from Russian lawyers which appeared to give some support to the suggestion that Peter Quinn's signature on the Innishmore to Lyndhurst transactions was not his. (See the affidavit of Karyn Harty of the 20th March 2012). Equally, little or no reliance can be placed on that report for the reasons set out in Ms. Harty's affidavit which are similar to the reservations of Mr. Lynch. It should be noted that it was not until the 5th January, 2012 that any suggestion was made by Peter Quinn as to the forgery of his signature on any document. Peter Quinn was cross-examined at length on the issue of his signature on various documents. I have to say that when he was giving evidence before me as to the issue of his signatures, he was evasive and anything but convincing. Having regard to all the evidence on this issue, I have come to the firm view that I cannot accept the evidence of Peter Quinn as to the alleged forgery of his

signatures on various documents notwithstanding the reports on his signatures to which I have referred. I have to emphasise that Peter Quinn's evidence overall on this issue was wholly unsatisfactory including his suggestion that Ms. Puga was involved with the acquisition of Lyndhurst. I am therefore satisfied beyond reasonable doubt that he was a signatory to those documents and thus in breach of the Orders of this Court in that respect also.

The introduction of Lyndhurst into the equation seems to me to be one that can be readily explained by the fact that Innishmore was clearly identifiable as a company connected to the Quinn family given that Peter Quinn was its sole director. Lyndhurst was created on the 11th July, 2011, and I have no doubt this was done to create a vehicle to which the assets comprised in Univermag would be transferred beyond the reach of Anglo into an entity which was ultimately under the control of the Quinn family. It is patently clear that to implement the plan to divest the secured assets from the Quinn companies, it was necessary to have a company which could not be readily identified as a Quinn company. Innishmore did not meet that requirement and thus a further company was required. Lyndhurst meets that requirement.

A further point to note is that it is difficult to understand how demand was made by Innishmore of Univermag claiming repayment of the loan in full and which was never brought to the attention of Peter Quinn by Ms. Puga, the general director, even though this was allegedly made prior to the meeting on the 30th August, 2011. Apparently, nor was he advised of the proceedings by Lyndhurst against Univermag described above even though he continued to have meetings with Ms. Puga until January of this year.

Accordingly, I am satisfied on this issue that the various transactions with Innishmore did not take place in April 2011 as contended for by the respondents but

took place after the making of the Orders by the Court. On that basis alone, I am satisfied beyond reasonable doubt that Anglo has established a breach of the Orders of this Court. The involvement of Lyndhurst mirrors the strategy developed by Peter Quinn and used in respect of Finansstroy and other unsecured properties as described above. I have also come to the conclusion that the Quinn defendants are behind Lyndhurst as I can see no other reason why Peter Quinn would have signed on the interests of Innishmore to Lyndhurst save for the fact that Lyndhurst was being used to strip the assets of Univermag. Therefore, this is also a breach of the Orders.

Conclusion

This is an application in which Anglo has faced considerable obstacles, not to say obstruction, in making its case that the respondents are in contempt of court by reason of a number of breaches of the Orders made herein on the 27th June, 2011, and the 20th July, 2011. There have been proceedings in a variety of jurisdictions involving the respondents and others in Russia, the Ukraine, Cyprus, Sweden, Northern Ireland and Belize. They have encountered significant hurdles in obtaining documents and information as to the activities of the respondents. Court files have been examined and copied in different jurisdictions. Affidavits have been obtained from a number of lawyers in different jurisdictions. Anglo has been both defendant and plaintiff in proceedings in a number of different countries. Anglo has been opposed at every step of the way.

The respondents were the only witnesses to give oral evidence before me. They were subject to rigorous cross examination. As a general overview I have to say that I was not impressed with the manner in which they gave evidence. Peter Quinn was evasive, less than forthright, obstructive, uncooperative and at times, untruthful. He admitted that in the Cypriot proceeding, misleading affidavits were sworn by and

on behalf of the Quinn family in proceedings in which they sought (as plaintiffs) to prevent Anglo from protecting its security. He conveyed the impression of someone reluctant to be in court, to say as little as possible and of someone who simply did not tell the whole truth. One example of that can be seen in the evidence he gave in relation to his trip to Dubai when he purchased Galfis and, as emerged later in the course of the hearing, it transpired that he also purchased a number of other shelf companies from Senat. As I have described in the course of this judgment, he did not tell the truth about the dates on which assignments, addenda and surety agreements with Galfis were completed. He sought to rely on purported assignments to Mr. Gurniak; he tried to say that the assignment by Demesne involving Innishmore was made in April 2011, in circumstances where I am satisfied for the reasons set out above that the assignment took place after the Orders of this Court were made. His evidence as to his trip to Kiev on the 30th August, 2011, was quite simply not credible.

He could not give an explanation as to how reference was made to Cranaghan and to the bogus arbitral award (by reference to its record number) in the petition he signed to place Finansstroy into self insolvency. I came to the conclusion that he would have said and done anything to aid the plan he conceived to put assets beyond the reach of Anglo.

Sean Quinn Senior was also a witness who was evasive and uncooperative. On a number of occasions during the hearing, rather than answer questions put to him, he embarked on lengthy criticisms of Anglo. I will highlight two aspects of his evidence. First of all, it is clear that I do not accept his evidence that steps were taken to put assets beyond the reach of Anglo by the signing of the various assignments and other documents referred to in April 2011. Secondly, I find it impossible to accept the evidence of Sean Quinn Senior to the effect that he had no hand, act or part in the

matter after April 2011 following the appointment of the share receiver. His evidence to that effect is not credible in my view. I am satisfied that not only did he give Peter Quinn his imprimatur to implement the plan described in evidence, but also that he took whatever steps were required of him by signing documents as required as and when necessary. I am satisfied that he was au fait with the arrangements taking place to implement the plan. It may be that he did not have every detail required to implement the plan, but I am satisfied beyond any doubt that he was fully supportive of it and actively involved in doing what was required to implement the plan as and when necessary. By necessary implication, it is clear that he signed the Galfis agreements after the Orders were made. The Gurniak documents were, in my view, brought into existence after the date of the Orders with a view to getting over the uncomfortable fact that Galfis did not exist at the time the assignments were supposed to have been entered into.

I have to say that in relation to Sean Quinn Junior I came to the conclusion that he too was not telling the truth in giving his evidence to the Court. In particular his evidence as to his purpose in travelling to Kiev on the 30th August, 2011, was simply unbelievable. I have no doubt whatsoever that his purpose was to facilitate the transactions whereby US$500,000 was transferred from QPU's bank account, to that of Ms. Puga. His evidence as to the lack of discussion between himself and Peter Quinn as to the nature and purpose of their trip to Ukraine on the long flight is again something I find hard to believe. The third aspect of his evidence which did not add up, related to the business meeting that he states was arranged on the day in Kiev. His evidence overall was not credible. Interestingly, it was he who disclosed that Senat Legal was co-ordinating the legal proceedings on behalf of the Quinns worldwide.

Presumably, Senat Legal has some connection with Senat FZC, the company secretarial services company in Dubai.

In the course of his evidence, Sean Quinn Senior spoke of the Quinn Group and its importance as an employer of some 7,000 people. One can appreciate the ability that led to the creation of such a business empire. Sean Quinn Senior also spoke of the honourable, respectable way in which the businesses comprised in the Quinn Group were run. I wish I could say the same about the manner in which the respondents have dealt with the adverse circumstances in which they now find themselves having regard to the collapse of the Quinn business empire.

There is a dispute between Anglo and the Quinn defendants as to their liability in respect of the sums claimed by Anglo in the proceedings to recover the sum of €2.8 billion approximately. What has never been in dispute is the fact that a sum of €455 million approximately is due to Anglo. Instead of trying to repay the admitted debt due, the Quinn family and in particular the respondents have taken every step possible to make it as difficult as can be to recover any amount due. They have engaged in a complex, complicated and, no doubt, costly, series of steps designed to put the assets of the IPG beyond the reach of Anglo, in a blatant, dishonest and deceitful manner. They have consciously misled courts here and elsewhere. They have sought to deprive Anglo of the assets which would go some way to discharging an admitted indebtedness. The behaviour of the respondents outlined in evidence before me is as far as removed from the concept of honour and respectability as it is possible to be.

In the circumstances, I reiterate that I am satisfied beyond reasonable doubt, having regard to the weight of evidence before me, that the respondents are in breach of the Orders of this Court and consequently are guilty of contempt of court. I will

hear the parties further on what steps should now be taken in the light of the findings I have made.